

**STATE OF ALASKA**  
**DEPARTMENT OF TRANSPORTATION &  
PUBLIC FACILITIES**  
**STATE EQUIPMENT FLEET**

**LIGHT-DUTY VEHICLE LEASE PROGRAM**



**2200 E. 42<sup>ND</sup> AVENUE**  
**ANCHORAGE, ALASKA 99508**

# HWCF LEASE PROGRAM

## **INTRODUCTION:**

This package contains information and instructions for agencies to use in leasing vehicles from the State Equipment Fleet.

Leases for vehicles and equipment not covered by the light duty vehicle contract will require competitive bid action through the State Equipment Fleet office unless otherwise approved for a short term or seasonal short-term (no more than 12 months) need by which the agencies purchasing authority may be authorized to handle.

## **INTENT AND PURPOSE**

The intent and purpose of the Vehicle Lease Program is to furnish agencies an opportunity to lease needed vehicles whenever leasing is preferred to outright purchase. This program is not intended to replace the Highway Working Capital Fund replacement program, nor may credits be used to pay lease payments.

All lease vehicles are for **official business only** and subject to AS 44.68.010 through 44.68.040 governing use of state vehicles.

## **LEASING PROCEDURES:**

Agencies wishing to lease vehicles must first obtain prior approval through their agency approval process then forward a Purchase Order or Delivery Order to the State Fleet. The PO or DO must contain the following:

- 1) Type of vehicles to be leased, including any special color requests, additional equipment, etc.
- 2) Location vehicle will be used.
- 3) Expected yearly mileage.
- 4) Point of Contact regarding the lease.
- 5) If this unit will replace a prior leased vehicle, please include that vehicle number.
- 6) Fund coding for the lease.

All documentation is to be sent to **STATE EQUIPMENT FLEET, 2200 E. 42<sup>ND</sup> AVENUE, ANCHORAGE, ALASKA 99508, ATTN: PROCUREMENT**. The fax number is 269-0801 – an original PO or DO must follow all faxes,

## **TERMS & CONDITIONS OF LEASE:**

Agencies are advised that the terms and conditions of the contract with the State Fleet need to be carefully examined and understood. The using agency is responsible for complying with all the terms and conditions of the lease contract as contained in this package.

## **VEHICLE SPECIFICATIONS & CHOICES**

Agencies may choose from the classes and options as listed under the State Fleet's current light duty vehicle purchasing contract ([fleet.alaska.gov](http://fleet.alaska.gov)). Unless otherwise approved or unless the vehicle is to be used for investigative purposes, all units will be light random in color.

## **MONTHLY LEASE COSTS**

The lease cost varies by choice of vehicle, optional equipment and lease time period. The length of the lease also determines the salvage value which is not a part of the lease payment. The State Equipment Fleet is providing the funding for purchasing the unit, therefore there is an interest charge on the full cost of the vehicle to the using agency. Leases of five years or less in duration are charged an interest rate equal to a five year Treasury note. An example of the rate structure is noted below:

Five Year Lease

Cost of New Vehicle: \$19,000

Interest Charge: \$1,484.31

Total Cost of New Vehicle: \$20,484.31

Salvage Value: \$7,600.00\*

Base Lease Cost: \$12,884.31

Monthly Lease Cost (Base/60 Months): \$215.00

Agencies will still be charged the following fees that are applicable to all vehicles in the fleet:

\*The salvage value is based on the expected number of miles at the end of the lease period. The salvage value may be less if the unit is expected to have above average miles at the end of the lease (approximately 12,000 miles per year).

**Procurement/Disposal Fee:** A monthly fee charged to each asset that State Equipment Fleet procures or disposes of. This fee covers some of the overhead associated with writing bid specs, contracts, purchasing, disposal auctions, etc. It is charged to all assets that State Equipment Fleet has a hand in procuring or disposing of. Previously these costs were included in the replacement overhead percentage. The amount of the fee is based on the overhead costs and allocated to each asset in 2 parts: a flat fee (FY04 = \$5.37) plus a percentage of the asset's original cost (FY04 = .01225%, in the above example \$2.32). Total "Buy/Sell" fee \$7.69 monthly.

**Asset Management Fee:** An annual fee charged to each asset that State Equipment Fleet maintains records for. This fee is designed to cover the overhead costs associated with maintaining records, both computerized and paper, performing a statewide annual inventory of all vehicles and equipment, and licensing and titling costs. Previously these costs were included in the replacement overhead percentage. For FY04 this fee is \$9.24 annually or .77 per month.

### **VEHICLE IDENTIFICATION**

All vehicles will have State of Alaska fleet plates and rear window decals unless otherwise approved. No additional decals or markings are to be placed on the vehicle unless prior approval is sought through the HQ State Equipment Fleet Office.

### **INSTALLATION OF ADDITIONAL EQUIPMENT**

Installation of radios or other equipment which mars the inside or outside of the vehicle must be approved by the HQ State Equipment Fleet Office prior to installation. The installation and removal of equipment will only be done by an State Equipment Fleet shop or certified installer as approved by State Equipment Fleet. At the end of the lease period the State Equipment Fleet will make needed repairs to the vehicle that may be required to reissue or sell the unit at the listed salvage value. These repairs will be billable to the agency turning in the unit.

### **MAINTENANCE & WARRANTY**

All lease units are required to be in "wet" status and receive maintenance and service through a local State Equipment Fleet facility. Regular preventative maintenance will be enforced (5,000 miles or 6 months) to insure the vehicle warranty is not voided.

Leased units requiring warranty service: If a leased unit requires warranty service State Equipment Fleet will determine if they are authorized to perform the warranty repair or the unit be returned to the dealership to get warranty.

The cost for the maintenance and service portion is equal to the individual agencies operating cost for the current fiscal year for the type of vehicle leased.

## **LEASE EXTENSIONS**

Leases may not be extended beyond their original time period other than month-to-month while awaiting a new unit.

## **PAYMENT:**

The using agency is responsible for all payment obligations incurred under the lease program. User agencies are required to reimburse the State Equipment Fleet at the time of billing.

## **DAMAGE:**

The using agency will assume responsibility for physical damage to the lease vehicle except as noted below, unless the damage is caused in whole or in part by any defect in the vehicle. At the time of vehicle turn-in, the using agency will be responsible for fair wear and tear damage only to the extent such usage damage exceeds \$400.00 (the \$400.00 is not a deductible for usage, damages, missing parts, paint damage, etc.)

Physical damage includes holes drilled in the vehicle body and interior for installation of radios, microphones, antennae, emergency light bars, and collisions or traffic accidents, but excludes fair wear and tear and cosmetic damage to the vehicle, tires, paint and glass.

If the vehicle is involved in a collision or traffic accident the using agency is required to give written notice to the State Equipment Fleet within forty-eight (48) hours of the accident.

1. Notice should include an appropriate police report, and must include a State Accident Investigation Report. A copy will be faxed to the State Equipment Fleet HQ Office (907-269-0801) as soon as available after the accident.
2. Failure to give timely notice or provide necessary information may result in using agency being financially responsible for vehicle repairs, regardless of how damage was caused.
3. All accident damage repair estimates and repairs shall be coordinated and approved by a Regional State Equipment Fleet Manager or the HQ State Equipment Fleet Office.

The using agency is responsible for auto physical damage while it is in their possession, and for all auto liability claims caused by state operation of the vehicle.

## **INFORMATION:**

For any clarification or further information, telephone State Equipment Fleet Headquarters **at 269-0786, or 269-0788.**